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Bans Funneling Of Money to Private Groups

Pledges to Consider Idea of Offering Open Federal Help
By GARNETT D. HORNER
Star Staff Writer

President Johnson today ordered a ban on secret financial support of student and other private organizations by the CIA or any other government agency.

Johnson also said he will give "serious consideration" to proposals to provide open government financial support for overseas activities of organizations deserving it, in a manner that would not raise doubts about their independence. He named a committee to study these proposals.

Johnson acted on the basis of recommendations by a three-man committee headed by Undersecretary of State Nicholas deB. Katzenbach which he named Feb. 15 to look into the controversy raised by the disclosure of secret CIA financing of the National Student Association and some other organizations.

New Charges Made

Even as Johnson's announcement was made, there were new charges about the CIA. Ramparts magazine said the agency has carried on a campaign to recruit and sometimes blackmail foreign students attending schools in the United States. (Story on Page A-4.)

Secret CIA funds now going to some private organizations will be terminated, under the Katzenbach committee's recommendations accepted by the President.

This will be done "as quickly as possible without destroying valuable private organizations before they can seek new means of support."

The Katzenbach committee said it expected that this "disengagement" process can be "largely—perhaps entirely"—completed by Dec. 31.

Flat Restriction

While calling for a ban on future secret financial support for private organizations, the committee did not entirely rule out the possibility that "overriding national security interests" might require some exceptions in the future for some types of organizations.

But it stated flatly that "in no event should any future exception be approved which involved any educational, philanthropic or cultural organization."

Besides Katzenbach, the members of the committee whose report was made public by the White House today were Health, Education and Welfare Secretary John Gardner and CIA Director Richard Helms.

While stressing the importance of insuring the independence of private voluntary organizations, the committee said "the time has surely come" for the government to help support "in a mature, open manner," the overseas activities of some private American organizations that combat Communist propaganda groups.

It suggested this might be done through a body similar to the British Council that would be "wholly or largely funded by the federal government."

In 80 Countries

The British Council, established in 1934, operates in 80 countries, administering approximately \$30 million annually for reference libraries, exhibitions, scholarships, international conferences and cultural exchanges.

"Because 21 of its 30 members are drawn from private life," the Katzenbach committee said, "the council has maintained a reputation for independence, even though 90

its report noted that somewhat similar institutions have been developed by other countries, including Sweden and India.

The Katzenbach committee did not specifically recommend any particular approach, however. Its basic recommendation in this field was: "The government should promptly develop and establish a public-private mechanism to provide public funds openly for overseas activities of organizations which are adjudged deserving, in the national interest, of public support."

It urged the appointment of a much larger group including private individuals, to consider the exact method of carrying out this recommendation.

"The basic principle, in any event, is clear," its report added. "Such a new institution would involve government funds. It might well involve government officials. But a premium must be placed on the involvement of private citizens and the exercise of private judgments, for to be effective, it would have to have—and be recognized to have—a high degree of independence."

In promising "serious consideration" for this recommendation, the President said he is naming Secretary of State Dean Rusk as chairman of the special committee "to review concrete ways of accomplishing this objective." He said the committee will include representatives from government departments, Congress and private life.

Need for Help Cited

The Katzenbach group absolved the CIA of any special blame for past secret financing of such organizations as the National Student Association. It said such assistance was given pursuant to National Security Council policies beginning in October 1951, "and with the subsequent concurrence of high-level senior inter-departmental review committees in the last four administrations."

Citing the need for such aid in the past, the committee report said: "World War II saw a surge of

Communist activity in organizations throughout the world. Students, scientists, veterans, women and professional groups were organized into international bodies which spoke in the cadences, advocated the policies and furthered the interests of the Communist bloc.

"Much of this activity was organized, directed and financed covertly by Communist governments.

"American organizations reacted from the first. The young men and women who founded the United National Student Association, for example, did so precisely to give American youth the capacity to hold their own in the international arena.

"But the importance of students as a force in international events had yet to become widely understood and NSA found it difficult to attract private support for its international activities. Accordingly, the United States government, acting through the Central Intelligence Agency, provided support for this overseas work."

The report said, the American public has become increasingly aware of the importance of complex forms of international competition and "it is increasingly possible for organizations like NSA to seek support for overseas activities from open sources."

At the same time, it said the number of American groups engaged in overseas work has vastly increased over the years. The number of such organizations that have received secret CIA aid "is a small fraction of the total," it added.

Asserting that benefits of the overseas work of private American organizations "must not be impaired by foreign doubts about the independence of these organizations," the committee said that "particularly in the light of recent publicity" it is essential for the government to "underscore that independence immediately and decisively."

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